



From: ARCUS S.A.
Issued on: 6 May 2016

Subject: Content of the Supervisory Board's reports to be presented at the Ordinary General Meeting of ARCUS S.A. Shareholders

Current report no 9/2016

Legal basis: Article 56(1) point 2 of the Act on Public Offering – Current and Periodic Information

Report content:

In addition to current report No 7/2016 of 6 May 2016, the Management Board of ARCUS S.A. ('the Company') hereby discloses the content of ARCUS S.A. Supervisory Board's reports which will be discussed at the Ordinary General Meeting of Shareholders convened for 2 June 2016.



Assessment of the situation of ARCUS S.A. in 2015 carried out by the Supervisory Board

1. Assessment of the situation of ARCUS S.A. in 2015 carried out by the Supervisory Board

The Supervisory Board of ARCUS S.A. Company with its registered office in Warsaw ('the Company'), in accordance with the corporate governance rules set forth in Part 3, point 1 of the Document: 'Code of Best Practice for WSE Listed Companies', hereby discloses the report on the assessment of the situation of the Company in 2015 carried out by the Company's Supervisory Board. In the financial year 2015, the Supervisory Board of ARCUS S.A. monitored the implementation of the Company's strategy as regards:

- implementation of budget assumptions and the Company's development strategy,
- assessment of the internal control system and the risk management system,
- significant legal and operational risks,
- the liquidity of the Company, in particular with regard to the sources of financing of current operations,
- evaluation of human resources in the context of assuring the continuity of the Company's operations, growth opportunities and cost structure.

The Supervisory Board of ARCUS S.A., acting pursuant to Art. 382.2 read with Art. 395.2.1 of the Commercial Companies Code, has reviewed the documents prepared by the Management Board of the Company, including the Management Board's report on ARCUS S.A. activities in 2015 and the separate financial statement of ARCUS S.A. for the period of 1 January 2015 – 31 December 2015.

On the basis of the financial statements presented by the Management Board, the opinion of the independent auditor and the report on the audit of financial statements, the Supervisory Board presents below the assessment of ARCUS S.A. situation in 2015.

In 2015, the Company generated the sales revenues in the amount of PLN 141.3 million which marked a growth of PLN 15.0 million as compared to the corresponding period last year. Gross profit on sales amounted to PLN 32.6 million which represents an increase by PLN 4.4 million (15.6%) comparing to preceding year. The achieved gross margin on sales in 2015 amounted to 23% marking a growth of 0.7pp compared to previous year. In 2015, the Company recorded a positive financial result on operating activities in the amount of PLN 5.5 million, gross profit in the amount of PLN 4.9 million and a net profit of PLN 3.8 million. Comparing to 2014, when the Company recorded negative financial results, including a net loss of PLN 4.0 million, a significant improvement at all management levels shall be noted.

In terms of balance sheet data, the balance sheet total increased by PLN 6.6 million (6.4%). On the assets side, a decrease in fixed assets by PLN 6.5 million (14.8%) was recorded. Mentioned decrease resulted mainly from the sale of financial assets consisting of shares of Tauron PE as well as from a decrease in long-term receivables. Current assets increased by PLN 13.3 million (21.5%) as a result of an increase in trade and other receivables. Additionally a significant decrease in cash should be noted - a decrease by PLN 5.7 million (-57.8%). As at 31.12.2015, the Company recognized inventories in the amount of PLN 12.8 million, which represented a decrease by PLN 1.0 million (6.6%) as compared to the preceding year.

On the liabilities side, an increase in equity by PLN 4.0 million (6.4%) was recorded which primarily arises from the net profit generated in 2015. There has been a significant reduction in long-term liabilities in the amount of PLN 8.5 million (-53.0%) and an increase in short-term liabilities from the level of PLN 26.5 million in 2014 to PLN 37.7 million in 2015 (increase by PLN 11.2 million - 42.4%).

After analyzing the Company's financial statements and the Management Board's report on the Company's activities in 2015, the Supervisory Board of the Company states that the assumptions for the year 2015 were implemented to an appreciable extent. The situation of the Company has improved considerably, which was caused by the Company's core business development in the context of the implementation of diversification policy within the development policy of ARCUS Group.

The Company's financial liquidity situation is the area that has been subject to a thorough evaluation of the Supervisory Board. In accordance with the cash flow statement, the year 2015 was closed by the Company with a negative change in cash. Decrease in cash, sales of financial assets, reduction in

long-term credits and increase in financing through medium and short-term instruments representing the Company's liquidity, shall be – apart from sales capability – one of the most important areas of concern and assessment.

In the reporting period, the Supervisory Board – within its competences – applied the corporate governance rules applicable to joint stock companies listed on the stock exchange and set forth in the Document: 'Code of Best Practice for WSE Listed Companies'. The Supervisory Board performed its activities in accordance with the Rules of the Supervisory Board available on ARCUS S.A. website.

Until 9 July 2015, the entire Supervisory Board executed a permanent supervision over the Company's internal control system as well as over the risk management system in accordance with the minimum, required by the law, composition of the Board and lack of the audit committee. Members of the Supervisory Board received from the Company's Management Board, the regular and comprehensive information on all important matters concerning the activities, risks associated with these activities and on methods of mentioned risks management. As a result of additional recognition by the Supervisory of the role of internal control and risk management, on 9 July 2015 an audit committee was appointed.

In terms of financial statements preparation, the internal control in the Company was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervises the financial and accounting policies of the Company) and the Chief Accountant. The internal control system applied by the Company is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system of the Company,
- limiting an access to the system (which is associated with granted authorizations),
- adjusting the system to applied internal control procedures (with the consideration of their influence on the correctness of collected data).

Additionally, the Company applies a multi-level acceptance system for cost invoices, aimed at preventing the erroneous classification of invoices and the distortion of the financial result of the Company. The system for the control of current balances of dues applied by the Company within the internal control processes, is aimed at preventing erroneous recognition of these items in the balance sheet. Both the half-yearly and annual financial statements, in accordance with the applicable law provisions, shall be audited and reviewed by the certified auditor. In opinion of the

Supervisory Board, the above described internal control system of the Company, effectively prevents the risk of an erroneous assessment of the financial position of the Company.

The Supervisory Board verified the processes performed in the Company in terms of their compliance with the applicable laws and internal regulations. The Supervisory Board exercised the supervision, among other, over the services provided by the external auditors, particularly in terms of their independency.

2. Assessment of the risk management system

In the risk management processes, the statutory bodies of the Company shall exercise the most important functions:

- the Management Board,
- the Supervisory Board.

The Supervisory Board is kept informed on the most important decisions and gives it consent and opinions on the activities of the Management Board in this regard. Members of the Management Board shall be responsible for the individual fields of the Company's activities. Monitoring of particular types of risks shall be the responsibility of Directors of individual departments, who report directly to the Members of the Management Board. Financial Department shall coordinate the risk management processes. The Management Board analyses the threats and potential risk areas in a continuous manner as well as adopts appropriate remedial measures.

Due to the nature of operating activities carried out, the Company shall be exposed to the following types of risk:

- Currency risk. The currency risk arises from the nature of import activities with regard to the goods from EUR and USD zones which are afterwards sold on the domestic market in PLN. Management of currency market shall particularly refer to the process of optimization of the purchase of goods and services and payment deadlines.
- Interest rate risk. This risk applies mainly to minimizing the risk associated with the use of financial instruments (leasing, credit) for financing the long-term outsourcing agreements (e.g. lease of the equipment for clients). Available funds are invested in secure financial instruments with a maturity of up to one year.

- Credit risk. Credit risk primarily relates to such classes of assets as: receivables, loans granted, cash and bank deposits, short-term financial assets. Surplus cash is invested only in instruments and entities of high financial reliability.
- Liquidity risk. Managing the Company's liquidity covers the following areas: continuous monitoring of trade liabilities and receivables, cash flow forecasting.
- Legal risk. Risks related to legal disputes, which despite of the Company's credible justification for presented judgments, indicates the element of uncertainty as to the final settlements.

The Supervisory Board positively assesses ARCUS S.A. risk management system.

3. Assessment of the internal control system

Current internal control in the Company is exercised in a continuous manner by the employees of all organizational units. Mentioned control shall be mainly associated with the analysis of the compliance of decisions undertaken and operational activities performed, with the internal procedures. The internal control process is supervised by the Management Board, and exercised by the managers and directors of individual organizational units, particularly in the financial department. The activities ensuring the effectiveness of control mechanisms are being constantly undertaken by the Management Board. Areas which are likely to result in certain complications in future, are being identified in a continuous manner. In opinion of the Supervisory Board, the internal control system in ARCUS S.A. is functioning properly.

1. Marek Czeredys – Chairman of the Supervisory Board
2. Tomasz Konewka – Member of the Supervisory Board
3. Leszek Lechowski - Member of the Supervisory Board
4. Krzysztof Przybył - Member of the Supervisory Board
5. Bogusław Wasilewko - Member of the Supervisory Board



**Report of the Supervisory Board on the assessment
of the separate financial statement of ARCUS S.A. for the financial year ended
31 December 2015
and the Management Board's report on ARCUS S.A.
activities in 2015**

1. Assessment of the separate financial statement for the year 2015

Pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. has carried out the assessment of:

- the separate financial statement for the year 2015 prepared in accordance with the International Financial Reporting Standards, consisting of:

1. statement of financial position prepared as at 31 December 2015 with total assets and liabilities of PLN 112 124 thousand;
2. profit and loss account for the period of 1 January 2015 – 31 December 2015 with a net profit at the amount of PLN 3 763 thousand;
3. statement of comprehensive income for the period of 1 January 2015 – 31 December 2015, with total income of PLN 4 029 thousand;
4. statement of changes in equity for the period of 1 January 2015 – 31 December 2015, disclosing an increase in equity by the amount of PLN 4 031 thousand;
5. cash-flow statement for the period of 1 January 2014 – 31 December 2014, disclosing a decrease in cash by the amount of PLN 5 728 thousand;
6. additional information and explanations;

with regard to compliance with books of account, documents and facts,

- the Management Board's report on ARCUS S.A. activities in 2015.

2. Opinion and report of an entity authorized to audit the financial statements

TPA Horwath Horodko Audit Sp. z o.o. as an entity authorized to audit the financial statements, was selected by the Company's Management Board to audit ARCUS S.A. annual financial statement. The Supervisory Board has reviewed the opinions and reports of certified auditors regarding the financial statement.

In accordance with the content of the opinion and the report of an entity auditing the financial statement for the year 2015, the Company's financial statement covering the numerical data and relevant explanations, presents truly and clearly all the information significant for the assessment of the financial position of ARCUS S.A. as at 31 December 2015 as well as its financial result for the financial year ended 31 December 2015.

In accordance with the content of the opinion of the independent certified auditor, the financial statement has been prepared, in all material respects, in accordance with accounting principles arising from the International Accounting Standards, International Financial Reporting Standards and associated interpretations announced in the form of the European Commission's regulations, and in the matters not regulated by mentioned Standards – in accordance with the Accounting Act and implementation regulations issued under this Act as well as on the basis of properly kept books of account. In accordance with the opinion of the independent certified auditor, the financial statement complies with the law provisions affecting the content of the financial statement and with the provisions of the Company's Articles of Association.

In opinion of the independent certified auditor, the report on the activities of ARCUS S.A. is complete within the meaning of Art. 49.2 of the Accounting Act and the information included in this report shall comply with the audited consolidated financial statement and shall be in line with the provisions of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and on conditions for recognition as equivalent of the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259, as amended). The auditor pointed out that consideration should be given to the dispute between ARCUS S.A. and Energa Operator S.A. which was described in detail in the financial statement.

1. The Management and Supervisory Board

Management Board

As at the day of the report hereof publication, the Management Board was composed of the following persons:

- Mr. Michał Czeredys – President of the Management Board,
- Mr. Michał Łotoszyński - Vice-President of the Management Board,
- Mr. Rafał Czeredys – Member of the Management Board.

The Supervisory Board, at its meeting on 21 January 2016, appointed Mr. Rafał Czeredys to the position of Member of the Management Board.

As at 31 December 2015, the Management Board was composed of the following persons:

- Michał Czeredys - President of the Management Board,
- Michał Łotoszyński - Vice-President of the Management Board.

The term of office of Mr. Marek Multan expired on 23 June 2015. The Supervisory Board, at its meeting on 30 July 2015, appointed Mr. Michał Łotoszyński to the position of Vice-President of the Management Board.

As at 1 January 2015, the Management Board was composed of the following persons:

- Michał Czeredys – President of the Management Board,
- Marek Multan - Vice-President of the Management Board.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 31 December 2015 and as at the date of preparation of this financial statement, the Supervisory Board was composed of the following persons:

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

The Supervisory Board in the composition as set forth below, was appointed by the Ordinary General Meeting of Shareholders on 23 June 2015.

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Franciszek Pelc - Member of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

On 30 December 2015, the Chairman of the Supervisory Board and the President of the Management Board received the resignation of Mr. Tomasz Pelc from his position as Member of the Supervisory Board (Current Report No 26/2015).

As at 1 January 2015, the Supervisory Board was composed of the following persons:

- Marek Czeredys – Chairman of the Supervisory Board,
- Jolanta Grus – Member of the Supervisory Board,
- Michał Słoniewski – Member of the Supervisory Board,
- Sławomir Jakszuk – Member of the Supervisory Board,
- Tomasz Pelc - Member of the Supervisory Board.

2. Conclusions arising from the assessment of the financial statement of ARCUS S.A. for the year 2014 and the Management Board's report on ARCUS S.A. activities in 2014

The Supervisory Board, after reviewing the Company's financial statement for the year 2015 and on the basis of the content of the opinion and the report of the certified auditor, states that the data contained in ARCUS S.A. annual financial statement present truly and clearly the financial position of ARCUS S.A. and reliably reflect all the information significant for the assessment of the economic result, profitability and cash flow in the audited period. Financial information included in the Management Board's report on the Company's activities in 2015 derives directly from the audited annual financial statement and complies with this statement.

The analysis of the values and indicators presented in the annual financial statement as well as in the Management Board's report on the Company's activities in 2015 allows to draw the following conclusions:

- the sales revenues of the Company amounted to PLN 141.3 million which marks a growth of 11.9% comparing to previous year,
- the Company generated a positive result on operating activities in the amount of PLN 5.5 million and a profit of PLN 3.8 million,
- the balance sheet total as at the end of 2015 amounted to PLN 112.1 million.

After analyzing the Company's annual financial statement and the Management Board's report on Company's activities in 2015, the Company's Supervisory Board states that the Company's situation improved significantly as compared to 2014. The positive annual results were achieved primarily thanks to implementation of cost reduction programs and focusing on the areas within which the Company has the greatest competence.

The Supervisory Board gave its opinions implementation of the investment policy and strategy of the Company on the ongoing basis.

3. The Supervisory Board's position on ARCUS S.A. compliance with corporate governance rules

The Supervisory Board states, that ARCUS S.A. complies with all corporate governance rules published in the Document: "Code of Best Practice for WSE Listed Companies" and approved by the Warsaw Stock Exchange Supervisory Board. Mentioned Code constitutes an annex to the Resolution No 19/1307/2012 of the WSE Supervisory Board of 21 November 2012.

4. Distribution of profit for the year 2015

The Supervisory Board reviewed the proposal of ARCUS S.A. Management Board as regards distribution of profit for the year 2015.

5. The Supervisory Board requests:

The Company's Supervisory Board requests the Ordinary General Meeting of ARCUS S.A. Shareholders to:

- approve the Management Board's report on the Company's activities in 2015,
- approve the annual financial statement of ARCUS S.A. for the year 2015,

- approve the proposal of ARCUS S.A. Management Board as regards distribution of profit for the year 2015.

1. Marek Czeredys – Chairman of the Supervisory Board
2. Tomasz Konewka – Member of the Supervisory Board
3. Leszek Lechowski - Member of the Supervisory Board
4. Krzysztof Przybył - Member of the Supervisory Board
5. Bogusław Wasilewko - Member of the Supervisory Board



**Report of the Supervisory Board on the results of the assessment
of the proposal of ARCUS S.A. Management Board
as regards distribution of profit
for the financial year ended 31 December 2015**

On the basis of Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. ('the Company') assessed the proposal of the Company's Management Board as regards distribution of profit for the year 2015 in the amount of PLN 3 763 173.78 where the Management Board recommends to entirely allocate the profit to reserve capital.

After reviewing the Company's financial statement for the year 2015 and the content of the opinion and the report of the certified auditor on the audit of this financial statement, as well as having regard to the analysis of the situation and development prospects of the Company, the Supervisory Board approves the opinion of the Management Board and decides to recommend it to the Shareholders.

1. Marek Czeredys – Chairman of the Supervisory Board
2. Tomasz Konewka – Member of the Supervisory Board
3. Leszek Lechowski - Member of the Supervisory Board
4. Krzysztof Przybył - Member of the Supervisory Board
5. Bogusław Wasilewko - Member of the Supervisory Board



**Report of the Supervisory Board on the assessment
of the financial statement of ARCUS S.A. Capital Group
for the financial year ended 31 December 2015
and the Management Board's report on ARCUS S.A. Capital Group's
activities in 2015**

1. Assessment of the consolidated financial statement for the year 2015

Structure of ARCUS Capital Group

ARCUS Capital Group is composed of:

- **ARCUS S.A.** – Dominant Entity with its registered office in Warsaw. The company is recorded by the District Court for the Capital City of Warsaw (XII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000271167. The development of comprehensive integrated document and correspondence management systems shall be the core business activity of the Company.
- **T-matic Systems S.A.** with its registered office in Warsaw. The company is recorded by the District Court for the Capital City of Warsaw (XIII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000444112. Provision of telematic services for the passenger and freight transportation, power sector, heat engineering, gas and waterworks industry shall be the core business activity of the Company. As at balance sheet day ARCUS S.A. holds 74.73% shares of T-matic.
- **Docusoft Sp. z o.o.** with its registered office in Bielsko-Biała at 153 Warszawska Street. The company is recorded by the District Court for the City of Bielsko-Biała (VIII Commercial Department of the National Court Register) in the register of entrepreneurs under the

number KRS 0000204275. Manufacture of software and implementation of workflow management system shall be the core business activity of the Company. This subsidiary is subject to consolidation as from 24 May 2011. As at balance sheet day ARCUS S.A. holds 86.96% shares of Docusoft.

- **Durau Sp. z o.o.** with its registered office in Wrocław at 8-11 Mikołaja Street. The company is recorded by the District Court for the Wrocław (VI Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000490845. The main activity of this Company is the construction of a nationwide purchasing group for small and medium-sized businesses in the media, energy, fuels and services sectors.
- **Arcus Systemy Informatyczne Sp. z o.o.** (ASI, previously Syntea Business Solutions Sp. z o.o.) with its registered office in Lublin at 9a Wojciechowska Street; recorded by the District Court for the City of Lublin-Wschód (VI Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000031806. The company operates in the IT market since 1996. and provides consultancy, implementation and maintenance services for public entities and companies in the field of Enterprise Resource Planning (ERP). As at balance sheet day ARCUS S.A. holds 53.00% shares of ASI.
- **Arcus Kazachstan Sp. z o.o. with its registered office in Astana, Kazakhstan.**

Pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. has carried out the assessment of:

- the consolidated financial statement for the year 2015 prepared in accordance with the International Financial Reporting Standards, consisting of:

1. consolidated statement of financial position prepared as at 31 December 2015 with total assets and liabilities of PLN 102 684 thousand;
2. consolidated profit and loss account for the period of 1 January 2015 – 31 December 2015 with a net profit attributable to the shareholders of a Dominant Entity at the amount of PLN 1 756 thousand;
3. consolidated statement of comprehensive income for the period of 1 January 2015 – 31 December 2015, with total income (attributable to the shareholders of a Dominant Entity) of PLN 1 655 thousand;
4. statement of changes in consolidated equity for the period of 1 January 2015 – 31 December 2015, disclosing a decrease in equity by the amount of PLN 95 thousand;

5. consolidated cash-flow statement for the period of 1 January 2015 – 31 December 2015, disclosing a decrease in cash by the amount of PLN 6 782 thousand;
6. additional information and explanations with regard to compliance with books of account, documents and facts,

- the Management Board's report on ARCUS S.A. Capital Group's activities in 2015.

2. Opinion and report of an entity authorized to audit the financial statements

TPA Horwath Horodko Audit Sp. z o.o. as an entity authorized to audit the financial statements, was selected by the Company's Management Board to audit ARCUS S.A. Capital Group's annual financial statement.

The Supervisory Board has reviewed the opinions and reports of certified auditors regarding the financial statement.

In accordance with the content of the opinion and the report of an entity auditing the financial statement for the year 2015, the Capital Group's financial statement covering the numerical data and relevant explanations, presents truly and clearly all the information significant for the assessment of the financial position of ARCUS S.A. Capital Group as at 31 December 2015 as well as its financial result for the financial year ended 31 December 2015.

In accordance with the content of the opinion of the independent certified auditor, the financial statement has been prepared, in all material respects, in accordance with accounting principles arising from the International Accounting Standards, International Financial Reporting Standards and associated interpretations announced in the form of the European Commission's regulations, and in the matters not regulated by mentioned Standards – in accordance with the Accounting Act and implementation regulations issued under this Act.

In accordance with the opinion of the independent certified auditor, the financial statement complies with the law provisions affecting the content of the consolidated financial statement.

In opinion of the independent certified auditor, the report on activities of ARCUS S.A. Capital Group is complete within the meaning of Art. 49.2 of the Accounting Act and the information included in this report shall comply with the audited consolidated financial statement and shall be in line with the

provisions of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and on conditions for recognition as equivalent of the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259, as amended).

The auditor pointed out that consideration should be given to the dispute between consortium ARCUS S.A./T-matic and Energa-Operator S.A. described in detail in the financial statement as well as to the issues associated with impairment of goodwill in respect of estimates and uncertainty in terms of implementation of assumed forecasts.

1. The Management and Supervisory Board of ARCUS S.A.

Management Board

As at the day of the report hereof publication, the Management Board was composed of the following persons:

- Mr. Michał Czeredys – President of the Management Board,
- Mr. Michał Łotoszyński - Vice-President of the Management Board,
- Mr. Rafał Czeredys – Member of the Management Board.

The Supervisory Board, at its meeting on 21 January 2016, appointed Mr. Rafał Czeredys to the position of Member of the Management Board.

As at 31 December 2015, the Management Board was composed of the following persons:

- Michał Czeredys - President of the Management Board,
- Michał Łotoszyński - Vice-President of the Management Board.

The term of office of Mr. Marek Multan expired on 23 June 2015. The Supervisory Board, at its meeting on 30 July 2015, appointed Mr. Michał Łotoszyński to the position of Vice-President of the Management Board.

As at 1 January 2015, the Management Board was composed of the following persons:

- Michał Czeredys – President of the Management Board,
- Marek Multan - Vice-President of the Management Board.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 31 December 2015 and as at the date of preparation of this financial statement, the Supervisory Board was composed of the following persons:

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

The Supervisory Board in the composition as set forth below, was appointed by the Ordinary General Meeting of Shareholders on 23 June 2015.

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Franciszek Pelc - Member of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

On 30 December 2015, the Chairman of the Supervisory Board and the President of the Management Board received the resignation of Mr. Tomasz Pelc from his position as Member of the Supervisory Board (Current Report No 26/2015).

As at 1 January 2015, the Supervisory Board was composed of the following persons:

- Marek Czeredys – Chairman of the Supervisory Board,
- Jolanta Grus – Member of the Supervisory Board,
- Michał Słoniewski – Member of the Supervisory Board,
- Sławomir Jakszuk – Member of the Supervisory Board,
- Tomasz Pelc - Member of the Supervisory Board.

2. Conclusions arising from the assessment of the financial statement of ARCUS S.A. Capital Group for the year 2015 and the Management Board's report on ARCUS S.A. Capital Group's activities in 2015

The Supervisory Board, after reviewing the Capital Group's financial statement for the year 2015 and on the basis of the content of the opinion and the report of the certified auditor, states that the data included in ARCUS S.A. Capital Group's annual financial statement present truly and clearly the financial position of the Group and reliably reflect all the information significant for the assessment of the economic result, profitability and cash flow in the audited period. Financial information included in the Management Board's report on the Capital Group's activities in 2015 derives directly from the audited annual financial statement and complies with this statement.

The analysis of the numbers and indicators presented in the annual financial statement as well as in the Management Board's report on the Capital Group's activities in 2015 allows to draw the following conclusions:

- the sales revenues of the Capital Group amounted to PLN 181 664 thousand which represents an increase by 7.1% comparing to previous year,
- the Capital Group generated a profit on operating activities in the amount of PLN 2 983 thousand,
- the Capital Group's net profit attributable to the Shareholders of a Dominant Entity amounted to PLN 1 756 thousand,
- the balance sheet total as at the end of 2015 was equal to PLN 102 684 thousand.

After analyzing the Group's annual financial statement and the Management Board's report on Group's activities in 2015, the Supervisory Board notes that the situation of the Group improved significantly as compared to 2014. The measures were implemented, which were focused on increasing the sales of products and services classified to basic segments of the Group, reducing operating costs, improving the sales profitability, improving the efficiency of the commodity and warehouse management and changing the employees' incentive system. New business areas are being developed.

The Supervisory Board assesses the Group's financial position as relatively good, and furtherly supports the restructuring measures implemented by the Management Board. Comprehensive operations involving pro-development activities of and measures limiting or adjusting the operating costs are recognized by the Supervisory Board as the directions of further systematic improvement and economic development opportunities.

3. The Supervisory Board requests:

The Company's Supervisory Board requests the Ordinary General Meeting of ARCUS S.A. Shareholders to:

- approve the Management Board's report on ARCUS S.A. Capital Group's activities in 2015,
- approve the annual financial statement of ARCUS S.A. Capital Group for the year 2015.

1. Marek Czeredys – Chairman of the Supervisory Board
2. Tomasz Konewka – Member of the Supervisory Board
3. Leszek Lechowski - Member of the Supervisory Board
4. Krzysztof Przybył - Member of the Supervisory Board
5. Bogusław Wasilewko - Member of the Supervisory Board



Assessment of the situation of ARCUS Capital Group in 2015 carried out by the Supervisory Board

1. Assessment of the situation of ARCUS Capital Group in 2015 carried out by the Supervisory Board

The Supervisory Board of ARCUS S.A. Company with its registered office in Warsaw ('the Company'), in accordance with the corporate governance rules set forth in Part 3, point 1 of the Document: 'Code of Best Practice for WSE Listed Companies', hereby discloses the report on the assessment of the situation of the Capital Group in 2015 carried out by the Company's Supervisory Board. In the financial year 2015, the Supervisory Board of ARCUS S.A. supervised the implementation of the Capital Group's strategy as regards:

- implementation of budget assumptions and long-term plans,
- the Capital Group's development strategy,
- the impact of market changes and methods of Group's adaptation to external factors,
- purposefulness and efficiency of investment expenditures,
- products and services development programs,
- assessment of the internal control system and the system for the management of risk significant to the Capital Group,
- use of the potential and effects of synergy within the Group,

The analysis of the numbers and indicators presented in the annual financial statement as well as in the Management Board's report on the Capital Group's activities in 2015 allows to draw the following conclusions:

- the sales revenues of the Capital Group amounted to PLN 181,7 million which marks a growth of 7.1% (PLN 12.1 million) comparing to previous year,

- the Capital Group generated a profit on operating activities in the amount of PLN 2 983 thousand, as compared to a net loss of PLN 16 404 thousand in 2014 (increase by PLN 19.4 million – 118.2%)
- the net profit attributable to the Shareholders of a Dominant Entity amounted to PLN 1 756 thousand which represents an increase by 13.6 million (114.9%) as compared to 2014,
- the balance sheet total as at the end of 2015 was equal to PLN 102.7 million.

After analyzing the Capital Group's annual financial statement and the Management Board's report on Capital Group's activities in 2015, the Supervisory Board indicates a significant improvement in financial performance in 2015 as compared to the previous year.

In the reporting period, the Supervisory Board – within its competences – applied the corporate governance rules applicable to joint stock companies listed on the stock exchange and set forth in the Document: 'Code of Best Practice for WSE Listed Companies'. The Supervisory Board preformed its activities in accordance with the Rules of the Supervisory Board available on ARCUS S.A. website.

In 2015, the entire Supervisory Board executed a permanent supervision over the Group's internal control system as well as over the risk management system in accordance with the minimum, required by the law, composition of the Board and lack of the audit committee. The members of the Supervisory Board received from the Group's Management Board, the regular and comprehensive information on all important matters concerning the activities, risks associated with these activities and on methods of mentioned risks management.

In terms of financial statements preparation, the internal control in the Group was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervised the financial and accounting policy of the Group) and the Chief Accountant. The internal control system applied by the Group is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system,
- limiting an access to the system (which is associated with granted authorizations),
- adjusting the system to applied internal control procedures (with the consideration of their influence on the correctness of collected data).

Additionally, the Group applies a multi-level acceptance system for cost invoices, aimed at preventing the erroneous classification of invoices and the distortion of the financial result of the Group. The system for the control of the current balances of dues applied by the Group within the internal control processes, is aimed at preventing the erroneous recognition of these items in the balance sheet. Both the half-yearly and annual financial statements, in accordance with the applicable law provisions, shall be audited and reviewed by the certified auditor. In opinion of the Supervisory Board, the above described internal control system of the Group, effectively prevents the risk of an erroneous assessment of the financial position of the Group.

The Supervisory Board verified the processes performed in the Group in terms of their compliance with the applicable laws and internal regulations. The Supervisory Board exercised the supervision, among other, over the services provided by the external auditors, particularly in terms of their independency.

2. Assessment of the risk management system

In the risk management processes, the statutory bodies of the Group's entities shall exercise the most important functions:

- the Management Board,
- the Supervisory Board.

The Supervisory Board is kept informed on the most important decisions and gives it consent and opinions on the activities of the Management Board in this regard. Members of the Management Board shall be responsible for the individual fields of activities. Monitoring of particular types of risks shall be the responsibility of Directors of individual departments, who report directly to the Members of the Management Board. Finance Department shall coordinate the risk management processes. The Management Board analyses the threats and potential risk areas in a continuous manner as well as adopts appropriate remedial measures.

Due to the nature of operating activities carried out, the Capital Group shall be exposed to the following types of risk:

- Currency risk. The currency risk arises from the nature of import activities with regard to the goods from EUR and USD zones which are afterwards sold on the domestic market in PLN.

Management of currency market shall particularly refer to the process of optimization of the purchase of goods and services and payment deadlines.

- Interest rate risk. This risk applies mainly to minimizing the risk associated with the use of financial instruments (leasing, credit) for financing the long-term outsourcing agreements (e.g. lease of the equipment for clients). Available funds are invested in secure financial instruments with a maturity of up to one year.
- Credit risk. Credit risk primarily relates to such classes of assets as: receivables, loans granted, cash and bank deposits, short-term financial assets. Surplus cash is invested only in instruments and entities of high financial reliability.
- Liquidity risk. Managing the Company's liquidity covers the following areas: continuous monitoring of trade liabilities and receivables, cash flow forecasting.
- Legal risk. Risks related to legal disputes, which despite of the Company's credible justification for presented judgments, indicates the element of uncertainty as to the final settlements.

The Supervisory Board positively assesses ARCUS S.A. risk management system.

3. Assessment of the internal control system

The current internal control in the Group is exercised in a continuous manner by the employees of all organizational units. Mentioned control concerns mainly the analysis of the compliance of decisions undertaken and operational activities performed with the internal procedures. The internal control process is supervised by the Group's Management Board, and exercised by the managers and directors of individual organizational units, particularly in the financial department. The activities ensuring the effectiveness of control mechanisms are being constantly undertaken by the Group's Management Board. The areas which are likely to result in certain complications in future, are being identified in a continuous manner. In opinion of the Supervisory Board, the internal control system in ARCUS S.A. Capital Group is functioning properly.

1. Marek Czeredys – Chairman of the Supervisory Board
2. Tomasz Konewka – Member of the Supervisory Board
3. Leszek Lechowski - Member of the Supervisory Board
4. Krzysztof Przybył - Member of the Supervisory Board
5. Bogusław Wasilewko - Member of the Supervisory Board



Report on the activities of ARCUS S.A. Supervisory Board in 2015

In accordance with Part 3, point 1 of the Document: 'Code of Best Practice for WSE Listed Companies', ARCUS S.A. Supervisory Board hereby discloses for ARCUS S.A. Shareholders' attention the report on its activities in the reporting period ended 31 December 2015.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 31 December 2015 and as at the date of preparation of this financial statement, the Supervisory Board was composed of the following persons:

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

The Supervisory Board in the composition as set forth below, was appointed by the Ordinary General Meeting of Shareholders on 23 June 2015.

- Marek Czeredys - Chairman of the Supervisory Board,
- Tomasz Franciszek Pelc - Member of the Supervisory Board,
- Tomasz Konewka - Member of the Supervisory Board,
- Krzysztof Franciszek Przybył - Member of the Supervisory Board,
- Bogusław Wasilewko - Member of the Supervisory Board,
- Lech Lechowski - Member of the Supervisory Board.

On 30 December 2015, the Chairman of the Supervisory Board and the President of the Management Board received the resignation of Mr. Tomasz Pelc from his position as Member of the Supervisory Board (Current Report No 26/2015).

As at 1 January 2015, the Supervisory Board was composed of the following persons:

- Marek Czeredys – Chairman of the Supervisory Board,
- Jolanta Grus – Member of the Supervisory Board,
- Michał Słoniewski – Member of the Supervisory Board,
- Sławomir Jakszuk – Member of the Supervisory Board,
- Tomasz Pelc – Member of the Supervisory Board.

In 2015, ARCUS S.A. Supervisory Board held 7 meetings and passed resolutions by circulation and by means of distance communication. All meetings were attended by all Board members.

In the exercise of its powers set out in the Articles of Association and the Commercial Companies Code, ARCUS S.A. Supervisory Board discussed a number of issues important for the business activity of the Company. In particular, the following matters were the subject of discussion:

- implementation of budget assumptions and assessment of financial statements,
- incurring liabilities exceeding the limits specified in the Company's Articles of Association,
- the Company's development strategy,
- assessment of the internal control system and the system for the management of risk significant to the Company,
- allocation of funds by the Company.

Within above described activities, the Supervisory Board passed the total of 17 resolutions, including on the following matters:

- selection of the auditor for the audit of the separate financial statement of ARCUS S.A. and consolidated financial statement of ARCUS S.A. Capital Group prepared as at 31 December 2015 in accordance with the International Financial Reporting Standards together with an in-depth analysis of the financial statements of subsidiaries, and reviewing the half-yearly financial statement,
- giving an opinion on draft resolutions proposed by the Management Board, which were discussed at the Ordinary General Meeting of the Company's Shareholders,
- analysis and evaluation of financial statements for the first half of 2015;

- approving the report on the results of the assessment of the Management Board's report on activities of ARCUS S.A. and ARCUS S.A. Capital Group in 2014 as well as the financial statement of the Company and the consolidated financial statement of ARCUS S.A. Capital Group for the financial year 2014,
- approving the report of the Supervisory Board activities in 2014,
- approving the report containing a brief assessment of the Company's situation in 2014,
- extending credits, import letter of credit and other debts exceeding the limits set forth in the Articles of Association.

The Supervisory Board monitored the situation of the Company and gave opinions on current issues and planned actions. Throughout the reporting period, all members of the Supervisory Board remained in regular contact with ARCUS S.A. Management Board. The Supervisory Board was able to obtain from the Company's Management Board all necessary information concerning the financial situation of ARCUS S.A., projects exercised by the Company and cooperation with contractors. Consultations on matters related to particular aspects of the Company's business were carried out on a current basis. This applies particularly to the management of risks to which the Company is exposed.

While performing its duties, the Supervisory Board had an access to all documents, information, presentations and explanations presented by the Company's Management Board. Cooperation with the Management Board proceeded smoothly. Presented documentation was complete and properly prepared.

In the reporting period, the Supervisory Board – within its competences – applied the corporate governance rules applicable to joint stock companies listed on the stock exchange and set forth in the Document: 'Code of Best Practice for WSE Listed Companies'. The Supervisory Board performed its activities in accordance with the Rules of the Supervisory Board available on ARCUS S.A. website.

Until 9 July 2015, the entire Supervisory Board executed a permanent supervision over the Company's internal control system as well as over the risk management system in accordance with the minimum, required by the law, composition of the Board and lack of the audit committee. Members of the Supervisory Board received from the Company's Management Board, the regular and comprehensive information on all important matters concerning the activities, risks associated with these activities and on methods of mentioned risks management. As a result of additional recognition by the Supervisory of the role of internal control and risk management, on 9 July 2015 an audit committee was appointed.

In terms of financial statements preparation, the internal control in the Company was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervises the financial and accounting policies of the Company) and the Chief Accountant. The internal control system applied by the Company is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system of the Company,
- limiting an access to the system (which is associated with granted authorizations),
- adjusting the system to applied internal control procedures (with the consideration of their influence on the correctness of collected data).

Additionally, the Company applies a multi-level acceptance system for cost invoices, aimed at preventing the erroneous classification of invoices and the distortion of the financial result of the Company. The system for the control of current balances of dues applied by the Company within the internal control processes, is aimed at preventing erroneous recognition of these items in the balance sheet. Both the half-yearly and annual financial statements, in accordance with the applicable law provisions, shall be audited and reviewed by the certified auditor. In opinion of the Supervisory Board, the above described internal control system of the Company, effectively prevents the risk of an erroneous assessment of the financial position of the Company.

The Supervisory Board verified the processes performed in the Company in terms of their compliance with the applicable laws and internal regulations. The Supervisory Board exercised the supervision, among other, over the services provided by the external auditors, particularly in terms of their independency.

Assessment of the risk management system

In the risk management processes, the statutory bodies of the Company shall exercise the most important functions:

- the Management Board,
- the Supervisory Board.

The Supervisory Board is kept informed on the most important decisions and gives it consent and opinions on the activities of the Management Board in this regard. Members of the Management Board shall be responsible for the individual fields of the Company's activities. Monitoring of particular types of risks shall be the responsibility of Directors of individual departments, who report directly to the Members of the Management Board. Financial Department shall coordinate the risk management processes. The Management Board analyses the threats and potential risk areas in a continuous manner as well as adopts appropriate remedial measures.

Due to the nature of operating activities carried out, the Company shall be exposed to the following types of risk:

- Currency risk. The currency risk arises from the nature of import activities with regard to the goods from EUR and USD zones which are afterwards sold on the domestic market in PLN. Management of currency market shall particularly refer to the process of optimization of the purchase of goods and services and payment deadlines.
- Interest rate risk. This risk applies mainly to minimizing the risk associated with the use of financial instruments (leasing, credit) for financing the long-term outsourcing agreements (e.g. lease of the equipment for clients). Available funds are invested in secure financial instruments with a maturity of up to one year.
- Credit risk. Credit risk primarily relates to such classes of assets as: receivables, loans granted, cash and bank deposits, short-term financial assets. Surplus cash is invested only in instruments and entities of high financial reliability.
- Liquidity risk. Managing the Company's liquidity covers the following areas: continuous monitoring of trade liabilities and receivables, cash flow forecasting.
- Legal risk. Risks related to legal disputes, which despite of the Company's credible justification for presented judgments, indicates the element of uncertainty as to the final settlements.

The Supervisory Board positively assesses ARCUS S.A. risk management system.

Assessment of the internal control system

The current internal control in the Company is exercised in a continuous manner by the employees of all organizational units. Mentioned control concerns mainly the analysis of the compliance of decisions undertaken and operational activities performed with the internal procedures. The internal

control process is supervised by the Management Board, and exercised by the managers and directors of individual organizational units, particularly in the financial division. The activities ensuring the effectiveness of control mechanisms are being constantly undertaken by the Management Board. The areas which are likely to result in certain complications in future, are being identified in a continuous manner. In opinion of the Supervisory Board, the internal control system in ARCUS S.A. is functioning properly.

Warsaw, 28 April 2016

- 1. Marek Czeredys – Chairman of the Supervisory Board
- 2. Tomasz Konewka – Member of the Supervisory Board
- 3. Leszek Lechowski - Member of the Supervisory Board
- 4. Krzysztof Przybył - Member of the Supervisory Board
- 5. Bogusław Wasilewko - Member of the Supervisory Board



**Report on the activities performed by
the Audit Committee of ARCUS S.A. Supervisory Board in 2015**

The Audit Committee of ARCUS S.A. Supervisory Board was appointed in the basis of the Supervisory Board's Resolution of 9 July 2015, in the composition as set forth below:

1. Marek Czeredys
2. Tomasz Pelc
3. Tomasz Konewka
4. Bogusław Wasilewko

In the reporting period, on 31 December 2015 Mr. Tomasz Pelc resigned as member of the Supervisory Board of ARCUS S.A. and at the same time he ceased to be a member of the Audit Committee. On the basis of Resolution of the Supervisory Board of 26 January 2016, Mr. Leszek Lechowski was appointed to the Audit Committee. The Audit Committee of ARCUS S.A. Supervisory Board operates in accordance with the Act of 7 May 2009 on certified auditors and their self-government bodies, entities authorised to audit financial statements and public supervision. Audit Committee's meetings were held twice - on 20 November 2015 and on 18 December 2015.

While assessing its activities in 2015, the Audit Committee examined the relevance and effectiveness of the activities carried out within the framework of its competences, including in particular:

- monitoring the financial reporting process, including monitoring the work and independence of the entity authorized to audit financial statements,
- monitoring the effectiveness of internal control, internal audit and risk management systems.

The subject of the regular activities of the Audit Committee is the process of monitoring of the works associated with drafting and revision of the Company's financial statements, and therefore the Committee has cooperated with the auditor in this area on the ongoing basis.

Within its statutory powers, the Audit Committee examined the independence of the auditor performing the audit of the Company's financial statements, both from the Company and its managers and supervisors. The independence has been confirmed on the basis of statements made by the auditor as to the personal independence and the independence of the statutory auditor from ARCUS S.A. The Committee has monitored the correctness of preparing the financial statements by the Company and has cooperated closely in this regard with the auditor auditing the financial statements.

In the opinion of the Audit Committee, the cooperation of auditors with the Management Board was properly performed and did not raise any objections. The Audit Committee has monitored the financial reporting process, while the relevant financial statements in all aspects have been prepared in accordance with accounting principles and based on properly maintained accounting records and fairly reflect business performance and the financial position of the Company. The Audit Committee has also reviewed the Reports of the Management Board on the activities of the Company, assuming that the presented figures and facts reflect the true and fair view of things.

The Management Board within its operating activities, shall be the body responsible for risk management in the Company. Key management personnel shall be involved in the process of identifying and preventing the risks. Methods for eliminating the risks are determined on a regular basis, while the Board seeks to develop mechanisms aimed at eliminating or minimizing the occurring risks. The Board in cooperation with key management personnel, regularly reviews those risk factors associated with the business operations of the Company, which could have an impact on the economic and financial position of the Company. Also a periodic verification of the principles of risk management and compliance of process with accepted standards, as well as the constant analysis of risk management in terms of possible improvements.

Due to relatively light managerial and organizational structure, there is no separated Internal Audit Department in the Company, and the internal control system in the Company is performed by the Board, key management personnel and other employees within assigned duties. Monitoring operations are carried out on the ongoing basis and at the stage of verification by the management of the correctness of tasks performed by subordinates, and also in the process of establishing

internal procedures aimed at guaranteeing the adequate control mechanisms. The identified irregularities are immediately adjusted by eligible employees.

The Management Board of the Company complies properly with an obligation of internal control in relation to the preparation and disclosure of current reports and financial statements as required by law.

Warsaw, 21 April 2016

Signatures of Members of the Audit Committee

Marek Czeredys

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Tomasz Konewka

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Leszek Lechowski

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Bogusław Wasilewko

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